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REPORT OF THE
STANDING COMMITTEE ON THE
ALBERTA HERITAGE SAVINGS
TRUST FUND ACT

March 1987

(Crest)

LEGISLATIVE ASSEMBLY OF ALBERTA

LEGISLATIVE ASSEMBLY
ALBERTA

March 1987

To the Honourable Dr. David J. Carter
Speaker of the Legislative Assembly
of the Province of Alberta

The Standing Committee on the Alberta Heritage Savings Trust Fund Act has the honour to submit its report relating to the 1985-86 fiscal year for consideration by the Legislative Assembly.

John Oldring, M.L.A.
Chairman
Standing Committee on the Alberta
Heritage Savings Trust Fund Act

MEMBERS OF THE

STANDING COMMITTEE ON THE

ALBERTA HERITAGE SAVINGS TRUST FUND ACT

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MLA, Red Deer South (PC)
Chairman

Alan HYLAND,
MLA, Cypress-Redcliff (PC)
Deputy Chairman

Fred BRADLEY,
MLA, Pincher Creek-Crowsnest (PC)

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I. INTRODUCTION

This report of the Standing Committee on the Alberta Heritage Savings Trust Fund Act contains the consensus of the members of the Standing Committee. It must be noted that the democratic principle of decision making was followed throughout the Committee's proceedings, and that all the recommendations contained herein were voted on. These votes are recorded in the minutes of the Standing Committee, which are on file in the Legislature Library where they may be read by any member of the public.

As all the proceedings of the Standing Committee were and are open to the public, this report contains only a brief summary of the highlights of the Committee's meetings. All meetings were recorded by Alberta Hansard, and transcripts are available in the Legislature Library. Any person wishing more detail should refer to the transcripts, which number 480 pages in length and are organized according to subject heading. The minutes are organized in similar fashion.

II. ALBERTA HERITAGE SAVINGS TRUST FUND ACT

On May 19, 1976, the Alberta Heritage Savings Trust Fund was established by an Act of the Legislative Assembly of Alberta. The reasons for and purposes of the Heritage Fund were set out in the preamble to the Alberta Heritage Savings Trust Fund Act:

> WHEREAS substantial revenue is being received by the Government from the sale of non-renewable resources owned by the people of Alberta; and
>
> WHEREAS there is a limited supply of non-renewable resources and therefore revenue from the sale of those resources will ultimately be reduced; and
>
> WHEREAS it would be improvident to spend all that revenue as it is received; and
>
> WHEREAS the Legislature of Alberta considers it appropriate that a substantial portion of that revenue be set aside and invested for the benefit of the people of Alberta in future years:
>
> THEREFORE HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

The Act, and subsequent amendments to it, set out the sources of funds and how these funds may be invested. Five distinct investment divisions of the Heritage Fund are defined, each with different aims and investment criteria. The Act also outlines the powers of the Heritage Savings Trust Fund Investment Committee and the Provincial Treasurer to make investments under each division. The Investment Committee consists of all members of the Executive Council.

It is the responsibility of the Provincial Treasurer, as soon as practicable after the end of each fiscal year, to prepare a report summarizing the operation of the Heritage Fund during the preceding fiscal year and containing a financial statement, audited by the Auditor General, showing:

1. transfers of cash and other assets to the Heritage Fund during the preceding fiscal year,

2. payments from and income to the Heritage Fund for the preceding fiscal year, and

3. total moneys expended under Acts of the Legislature referred to in respect of investments in the Capital Projects Division of the Heritage Fund.

When the report is completed, the Provincial Treasurer makes copies available to all Members of the Legislative Assembly and to the Clerk of the Legislative Assembly. The report is thus made public. The Alberta Heritage Savings Trust Fund 1985-86 Annual Report was made public on October 24, 1986.

III. ROLE OF THE STANDING COMMITTEE ON THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT

The Act provides for the establishment of a Standing Committee of the Legislative Assembly, called the Standing Committee on the Alberta Heritage Savings Trust Fund Act. The Standing Committee is made up of Members of the Legislative Assembly who are appointed at the commencement of each Session.

When the annual report of the Heritage Fund is made public, it is deemed to be referred to the Standing Committee for review and subsequent report to the Legislative Assembly concerning the investments of the Heritage Fund. The report may contain any recommendations of the Standing Committee concerning those investments or proposed alternative investments.

Between October 27, 1986, and November 26, 1986, the Standing Committee met with Ministers of the departments directly involved in Heritage Fund investments during the preceding fiscal year, and with the Premier and the Auditor General as well. The Standing Committee also met between November 27, 1986, and January 14, 1987, to discuss the recommendations it would approve. At the conclusion of these meetings this report was written, to be tabled in the Legislative Assembly as required by the Alberta Heritage Savings Trust Fund Act.

The Standing Committee has made every attempt to fulfill its duties as required by the Standing Orders of the Legislative Assembly of Alberta.

IV. AMENDMENTS TO THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT

From 1976 to 1982-83, the Heritage Fund derived its funds from two sources:

1. an annual transfer of 30 percent of the Province's non-renewable resource revenues, and

2. the retention of its investment earnings.

The transfer of resource revenues requires annual authorization by the Legislature through the passage of a special appropriation Act.

In March, 1983, two significant amendments were made to the Alberta Heritage Savings Trust Fund Act. The first amendment broadened the transfer provisions to allow the proportion of non-renewable resource revenue to be specified in the annual special appropriation Act. Previously, these Acts had to provide for 30 percent of such revenues to be transferred. During the 1983 spring sittings, the Legislative Assembly passed a special Act authorizing the transfer to the Heritage Fund of 15 percent of the non-renewable resource revenue received by the Province in 1983-84.

The second amendment allocated the Heritage Fund's net investment income to the General Revenue Fund for a two-year period beginning September 1, 1982.

The Act was further amended in 1984 to continue the transfer of its net investment income.

V. REVIEW OF INVESTMENTS, APPEARANCE OF THE PREMIER, PROVINCIAL TREASURER, SELECTED MINISTERS, THE AUDITOR GENERAL AND OTHERS

This section of the report contains a brief review of the meetings held by the Standing Committee with the Premier, Provincial Treasurer, selected Ministers, the Auditor General and representatives from the Alberta Heritage Foundation for Medical Research.

The review follows the chronological order of appearance of these witnesses before the Standing Committee from October 27, 1986 to November 26, 1986.

Alberta Heritage Foundation for Medical Research – October 27, 1986

For the third year in a row, the Standing Committee invited representatives of the Alberta Foundation for Medical Research and on October 27, 1986, Mr. Eric Geddes, Chairman of the Board of Trustees, and Dr. Lionel McLeod, President of the Foundation, appeared to answer the Committee's questions.

The Foundation was begun in the 1979-80 fiscal year with an endowment of $300 million. As of March 31, 1986, the endowment had risen to $443 million, this increase being the surplus earnings not spent during the Foundation's first six years. The Foundation's mandate is to provide funding for medical research projects in the province.

Both Mr. Geddes and Dr. McLeod made reports to the Committee on the activities of the Foundation in the last year and on its future prospects. The legislation governing the Foundation provides for the establishment of an International Board of Review, a blue-ribbon panel of internationally respected scientists, which would provide a study of the Foundation's work. Mr. Geddes reported that this review is about to be released and should be very favourable in its evaluation. While the Foundation's endowment fund has grown since 1979-80, Mr. Geddes stressed that as the Foundation's activities expand, and its current projects are rounded out, that expenditures will quickly outstrip earnings. Thus, the Foundation is requesting an increase in its endowment fund. Dr. McLeod's comments outlined the various programs that the Foundation is involved in, from medical student scholarships to the study of Alzheimer's disease.

Standing Committee members raised numerous questions on a very wide range of topics. These included: the clinical study of pain control; spinal cord research; funding changes in federal research grants; ratio of

expenditures going to administration compared to actual research; the growth of the Foundation should its endowment be increased; the possibility of profits from more commercial aspects of medical research; research into the psychosomatic causes of illness; priorizing of research requests; remuneration of the board of trustees; coordination of research in Canada and Alberta; the duplication of research; communication between the Foundation and the universities.

Overall, the Committee was most supportive of the work being done by the Alberta Heritage Foundation for Medical Research.

Premier - October 28, 1986

The Hon. Donald Getty, Premier of Alberta, appeared before the Standing Committee on the morning of October 28, 1986.

The Premier in his opening remarks stressed the importance of the Standing Committee's meetings, particularly in light of the economic difficulties currently facing the province.

The members of the Standing Committee questioned the Premier on the following subjects: The need for an extensive review/investigation of the Heritage Fund now that it is 10 years old; the use of the Heritage Fund in order to reduce the deficit; the perception of the Heritage Fund outside of Alberta; the perception that Albertans have about the Heritage Fund's worth and how it is to be utilized; the role of the Legislature in the operation of the Heritage Fund and the creating of policy; the relationship between Alberta's credit rating and the Heritage Fund; the accounting process' relationship to the misconceptions about the Heritage Fund; the advisability of capping the Heritage Fund; changing the direction of the Heritage Fund during an economic downturn; financial assistance for the tourism industry to promote diversification; equity participation in the economy; public hearings for the committee; use of lower yield investments for economic diversification; increasing the portion of the capital projects division; freezing the number of capital projects should the Heritage Fund be capped; AGT debentures, the possible use of the Heritage Fund to lay a foundation for economic diversification that will result from free trade; the competition between research funding and industrial growth funding; and decreasing the holdings in the Alberta Energy Company.

Provincial Treasurer - October 28, 1986

The Hon. Dick Johnston appeared before the Standing Committee on Tuesday, October 28, 1986. With Hon. Mr. Johnston was Deputy Provincial Treasurer for finance and revenue, Mr. Allister McPherson.

The Alberta Heritage Savings Trust Fund 1985-86 Annual Report was delivered to the Clerk of the Legislative Assembly on October 24, by Hon. Mr. Johnston. The Annual Report covered the period April 1, 1985, to March 31, 1986.

Composition of the Heritage Fund at March 31, 1986, showed total assets of $15.118 billion. The total assets figure at March 31, 1985, was $14.436 billion. Appendix I of this report lists total assets of the Heritage Fund from fiscal year 1976-77 to fiscal year 1985-86.

At March 31, 1986, the assets of the Heritage Fund were composed of the following investments:

	($ billion)
Alberta Investment Division	8.177
Capital Projects Division	2.603
Canada Investment Division	1.864
Deposits and Marketable Securities	1.775
Accrued Interest and Receivables	.467
Commercial Investment Division	.217
Energy Investment Division	.016

In the Annual Report, Hon. Mr. Johnston identified the following as highlights of the 1985-86 fiscal year:

1. The Heritage Fund's financial assets earned net income of $1,667 million in 1985-86.

2. All of this income was used to maintain high quality education, health and other services to our citizens. The Heritage Fund helps to cushion Albertans from the full effects of changes in economic activity.

3. Capital projects of $240 million help create new jobs.

4. Our growing high technology industry will benefit from funding provided for the Microchip Design and Fabrication Facilities in Edmonton and Calgary.

5. Financing of $328 million in 1985-86 enabled provincial Crown corporations to assist farmers, small businesses and homeowners.

6. The commitment to saving continued with the transfer of 15 per cent of oil and gas revenues ($685 million) to the Heritage Fund.

7. Investments of $6.1 billion in agriculture, small business, research, energy resources, telecommunications, and local infrastructure are helping to strengthen and diversify our economy.

8. Initiatives of $4.7 billion in education, health, recreation, housing and the environment improve the quality of life of Albertans and help strengthen our economy.

The Provincial Treasurer, in his opening remarks, commented on the ten year history of the Heritage Fund and alluded to the success of the Heritage Fund in diversifying and strengthening our economy. The Provincial Treasurer also noted the humanitarian aspects that are implicit in the Heritage Fund.

The Standing Committee discussed a variety of issues, including: how justifiable it was to maintain the value of the Heritage Fund's debentures from the Crown Corporations through financial injections from general revenues; the accounting procedures concerning 'deemed assets'; investments directed towards Alberta research and expertise; investments made out-of-province; the change in Alberta's credit rating; new forms of taxation being considered; long-term economic strategy; Heritage Fund administrator's choice of brokerage houses; job creation eliminated by the Heritage Fund; government initiatives to small business; the Alberta North Agreement; watchdog role of the Standing Committee; the policies of the Heritage Fund's investment committee; Relax Inns' investment in the United States.

Auditor General - October 29, 1986

The provincial Auditor General, Mr. Donald Salmon, appeared before the Standing Committee at 10:00 a.m. Appearing with Mr. Salmon was Mr. Ken Smith, Assistant Auditor General and Mr. Jim Hug, Audit Principal.

Mr. Salmon began his opening statement with an explanation of the reporting procedures he employed. Mr. Salmon raised the question of the appropriateness of the deemed asset category being included on the balance sheet.

The Standing Committee proceeded to discuss various issues with Mr. Salmon, including: The Auditor General's dissatisfaction with deemed asset reporting; the actual worth of some Crown corporations (AOC, AHMC, and ADC) and their accounting procedures; reporting of deemed assets in relation to other provincial accounts; engaging an independent performance measurement consultant; application of the accounting procedures set out in the Alberta Heritage Savings Trust Fund Act; brokerage fees; classification of the Alberta Energy Corporation; use of out-of-province brokerage firms; the Canadian Commercial Bank failure and the Heritage Fund's accounting of its investment; maintaining the integrity of the Heritage Fund; the unexpected rise in the cost of the Walter C. Mackenzie Health Sciences Centre; the mandate of the Auditor General; the relationship between the Heritage Fund and the General Revenue Fund.

Tour of the Walter C. Mackenzie Health Sciences Centre

On Wednesday, October 19, 1986, members of the Standing Committee visited the Walter C. Mackenzie Health Sciences Centre. At that time, we had the opportunity of meeting with members of the Board of Directors, followed by a tour of the facility with Mr. Peter Portlock.

Minister of Technology, Research and Telecommunications

On Monday, November 3, 1986, Hon. Les Young, Minister of Technology, Research and Telecommunications appeared before the Standing Committee. He was accompanied by Fred Bradley, MLA and Chairman of the Alberta Research Council, Brian Nicol, Director of Telecommunications and Richard Pacquette, Director of Electronics.

In his opening remarks, Hon. Mr. Young referred to his ministry's development of the Electronics Test Centre which is the only one of its kind in western Canada. By the end of October, the company had 141 projects from 95 Alberta companies. Both Hon. Mr. Young and Mr. Bradley also commented on the long-term impact of the Electronics Testing Centre.

Mr. Bradley commented on the new laboratory and administration facilities the Research Council has in Mill Woods and explained how the management system of the Council operates.

The Members of the Committee then raised various questions including: the coordination of such government projects as the Electronics Testing Centre and other related investments; location of Electronics Testing Centre staff in Edmonton as opposed to Calgary; AGT debentures; Novatel and Can-Alta Telecom; the performance of Electronics Test Centre; private sector response to these initiatives; out of province use of the Electronics Test Centre; relationship between the Alberta Research Council and the Electronics Test Centre.

Minister of Economic Development and Trade - November 4, 1986

On Tuesday, November 4, 1986, Hon. Larry Shaben, Minister of Economic Development and Trade appeared before the Standing Committee. He was accompanied by Mr. Clarence Roth, Deputy Minister of Economic Development and Trade.

Hon. Mr. Shaben's opening remarks concerned the degree of involvement that Economic Development and Trade has with the Heritage Fund. Specifically, he mentioned hopper cars, Vencap, Alberta Opportunity Company, the Prince Rupert Grain Terminal and others.

The Committee then questioned Hon. Mr. Shaben on the following issues: hopper cars; the Vencap portfolio of investments; the degree to which Vencap has been used; Vencap's investment in Relax Inns Ltd.; the capacity of the Prince Rupert grain terminal; the terminal's property taxes; Alberta

Opportunity Company as a tool of diversification; the perception of the Heritage Fund with the public; financing of Crown corporations; extent of the Continental Canal investment; increasing the cap on the capital projects division; Alberta Opportunity Company and the Treasury Branches; the return on the Vencap investment; the 'arms-length' relationship with Vencap; irrigation projects and the selling of agricultural products; Alberta's international aid; future irrigation policy; university approaches to international business school; losses of Alberta Opportunity Company; small business loan programs; Microchip Design and Fabrication Facility; conflict of interest in the handling of Heritage Fund monies; sale of coal to eastern Canada.

Minister of Economic Development and Trade - November 27, 1986

On Thursday, November 27, 1986, Hon. Larry Shaben, Minister of Economic Development and Trade, appeared before the Standing Committee for a second time. He was accompanied by Mr. Clarence Roth, Deputy Minister of Economic Development and Trade.

Committee members asked questions of Hon. Mr. Shaben on the following subjects: loans to senior officers and employees of Vencap; lending policies of Vencap; interest repayment to the Heritage Fund by Ridley Terminals; potential purchase of the old Prince Rupert grain terminal; arm's length policy of the government with respect to Vencap; and investments by Vencap.

Minister of Community and Occupational Health - November 9, 1986

On Tuesday, November 4, 1986, the Minister of Community and Occupational Health, Hon. Jim Dinning, appeared before the Committee.

Hon. Mr. Dinning's opening statement concerned the operation of the Health and Safety Heritage Grant Program for the 1985-86 year. Hon. Mr. Dinning commented that the program is expanding its funding to post-secondary institutions in accordance with the recommendations of last year's Standing Committee.

This program was originally established in the 1981-82 fiscal year through the Capital Projects Division of the Heritage Fund. Grants are provided through this program for a wide range of research, training and educational activities that address health and safety problems related to employment, especially in high hazard industries. At the end of the fifth year of this eight year program, a total of 106 grants had been awarded, on a competitive basis, to a variety of employer and worker organizations, private sector groups, educational institutions and researchers. Expenditures during the year were $1,000,000, bringing the total Heritage Fund support at year end to $4 million.

The members of the Standing Committee discussed the following issues with Hon. Mr. Dinning: industry involvement in research; public appointments to the grant steering committee; application of research in

the workplace; small business involvement in research; oil industry registry of accidents; post-secondary programs to reach occupational health and safety; research into back inquiries; Workers' Compensation Board participation in research; smoking in the workplace; chemical waste; effects of sour gas on workers and area residents; drug testing of employees; review of the Workers' Compensation Act; crisis research in long-term research; pregnancy in the workplace.

Tour of Kananaskis Country - November 5 - 6, 1986

On Wednesday, November 5 and Thursday, November 6, 1986, Committee members visited Kananaskis Country.

Tour of Alberta Research Council and Electronics Test Centre - November 7, 1987

On Friday, November 7, 1986, Committee members toured the Alberta Research Council and Electronics Test Centre.

Minister of Energy - November 12, 1986

On Wednesday, November 12, 1986, Hon. Neil Webber, Minister of Energy, appeared before the Standing Committee. With Hon. Mr. Webber was Mr. Maurice Carrigy of the Alberta Oil Sands Technology and Research Authority.

In his opening statement, Hon. Dr. Webber outlined the connections between the Department of Energy and the Heritage Fund - namely, Alberta Oil Sands Technology and Research Authority, the Alberta Energy Company and Syncrude. Hon. Dr. Webber also addressed the issue of falling world oil prices.

The Alberta Oil Sands Technology Research Authority is a provincial Crown corporation which was established through the Capital Projects Division of the Alberta Heritage Trust Fund, in 1974. Alberta Oil Sands Technology and Research Authority helps develop technology to recover and process oil from Alberta's oil sands and heavy oil deposits and to increase production from conventional oil reserves. Alberta Oil Sands Technology and Research Authority's co-operative program which brings together academic, industry and government activities and resources is a unique and successful initiative for the development of technology for resource exploration. The technology developed with Alberta Oil Sands Technology and Research Authority's support is now being applied in commercial production.

In the 1985-86 fiscal year, $50 million was provided, bringing the total investment to $3.51 billion.

The Alberta Energy Company was established to encourage Albertans and other Canadians to participate in the development of energy and other natural resources. The majority of Alberta Energy Company's 53,000

shareholders are Albertans. The Company's activities include oil and gas exploration and development and investments in Syncrude, pipelines, petrochemicals, forest products, steel and coal.

In 1985-86, the Heritage Fund received $109 million in income from its investment. Of this, $104 million was due to the sale of 6.2 million common shares to Alberta Energy Company for cancellation in April 1985, and the remainder from dividends. As a result of this sale, the proportion of outstanding common shares of Alberta Energy Company owned by the Heritage Fund decreased from 45 per cent to 37 per cent.

The total investment in Alberta Energy Company through the Alberta Investment Division of the Alberta Heritage Savings Trust Fund at March 31, 1986, was $56 million.

In the discussion with the Standing Committee, Hon. Dr. Webber answered questions on the following topics: projection of non-renewable resource revenues; reduction in oil royalty revenues; 1985 royalty reduction program; percentage of Alberta Oil Sands Technology and Research Authority grant recipients that are Canadian or Albertan; companies receiving grants from Alberta Oil Sands Technology and Research Authority; patent rights arising out of research, sharing of research results; amount of research done into oil sands; Heritage Fund's investment in Syncrude; world oil prices; the Western Accord; development of enhanced recovery of tar sands; a floor price for tar sands; technology going to foreign countries via Alberta Oil Sands Technology and Research Authority; extra-provincial corporate registration of Luscar company; future of the Husky upgrader country; development in the heavy oil area; maintenance of oil and gas reserves; projected revenues for the Alberta Opportunity Company; disposition of government-held Alberta Energy Company shares. By the end of the discussion, Hon. Dr. Webber had responded to over 40 questions.

Minister of the Environment - November 14, 1986

On Friday, November 14, 1986, Hon. Ken Kowalski, Minister of the Environment appeared before the Standing Committee. He was accompanied by Mr. Peter Melnychuk, Assistant Deputy Minister, Water Resources Management Services, Mr. Ken Smith, Assistant Deputy Minister, Environmental Evaluation Services, and Mr. Tom Thackeray, Executive Assistant to the Minister.

There are four capital projects under the purview of the Environment Ministry: irrigation headworks and main irrigation systems improvements; Paddle River basin development; Lesser Slave Lake outlet; and land reclamation. Hon. Mr. Kowalski's opening statement outlined the details on these projects in terms of the amount of expenditures up to October, 1986.

In 1985-86, $54 million was expended on the Irrigation Headworks and Main Irrigations Systems Improvement project, bringing the total investment to $255 million at March 31, 1986. In the past year, construction continued to enlarge and rehabilitate the Lethbridge Northern Irrigation District

Headworks and main canal and the St. Mary River Irrigation District main canal. Construction of the Keho Lake Reservoir Development was completed and work on the Forty Mile Coulee Reservoir, near Bow Island, was initiated.

Land Reclamation received a further investment of $3 million in 1985-86, bringing total investment to $26 million at year end. Work under this project has focused primarily on abandoned garbage dumps, sewage lagoons, gravel pits and mine sites throughout Alberta.

The members of the Standing Committee questioned Hon. Mr. Kowalski on a variety of issues, including: ongoing costs of irrigation systems improvements; maintenance and operating costs of irrigation headworks; construction costs related to irrigation system; recreational use of irrigation reservoirs; urban impact of irrigation systems; potential future drainage programs; Agriculture and Environment departments coordination of activities; repayment of improvement costs by user districts; reclamation of gravel pits and dumps; amounts spent on projects in each constituency; benefits from Heritage Fund-sponsored projects; research into seepage prevention; status of Three Rivers project; and the bidding procedure on the Oldman Dam Project.

Minister of Hospitals and Medical Care - November 17, 1986

Hon. Marvin Moore, Minister of Hospitals and Medical Care, appeared before the Committee on Monday, November 17, 1986. With Hon. Mr. Moore was Ms. Susan Green, Senior Policy Advisor, Hospitals and Medical Care.

In his opening remarks, Hon. Mr. Moore discussed the applied cancer research program which had 10 new projects and 53 renewed approvals for continuing research on projects from previous years. This year, $4.8 million was spent on these projects, bringing the total investment at March 31, 1986, to $29.6 million. This project supports both clinical and pure research and has helped Alberta attract an internationally known group of scientists. The second area covered by Hon. Mr. Moore was the Walter C. Mackenzie Health Sciences Centre. Located at the University of Alberta in Edmonton, this 167,000 square meter (1.8 million square foot) state-of-the-art health centre has been designed to integrate health care, teaching and research, while considering the physical and emotional wellbeing of patients. The 843-bed facility is now open, though some final work is ongoing. The Centre also includes a 125-bed hostel for out of town patients and their families who need to be near the hospital for treatment or testing but do not require in-patient nursing care. The total cost to date for this project is $415,573,499.

The Standing Committee questioned Hon. Mr. Moore on the following areas: the projected 1988 cost for the Health Sciences Center; market value of research; research priorities; utilization of older hospitals; waiting list for auxiliary beds; coordination of medical research; impact of Acquired Immune Deficiency Syndrome on the health care system; Alberta Heritage Foundation for Medical Research criteria for research project

approval; plans for children's hospitals in Alberta; organ transplants; effect of downturn in the economy on medical research funding; conversion of active treatment beds to auxiliary beds, medical research in Alberta; research into preventive health care; current situation in respect to rural hospitals; in vitro fertilization; systems of operating hospitals; capping the Heritage Fund—effect on cancer research; future health care planning.

Alberta Mortgage and Housing Corporation - November 18, 1986

Hon. Neil Crawford, Minister of Municipal Affairs appeared before the Committee on Tuesday, November 18, 1986. With Hon. Mr. Crawford was Mr. Joe Engelman, President, Alberta Mortgage and Housing Corporation.

In his opening remarks, Hon. Mr. Crawford gave a broad overview of the Alberta Mortgage and Housing Corporation and made reference to a number of very successful initiatives and programs implemented and administered by the Corporation.

The Alberta Mortgage and Housing Corporation assists Albertans in two ways: it constructs rental housing for senior citizens and low to middle income Albertans; and it makes mortgage loans to help low and middle income Albertans find affordable rental and ownership housing in the private market.

Nearly $17 million was committed in 1985-86 to provide rental housing to senior citizens below cost. Under the Senior Citizens Self-Contained Program, the Corporation committed funds to construct 156 units in 1985-86. These projects, for healthy and active seniors, are found in communities throughout Alberta. Commitments were also made for 20 units in Senior Citizens Lodges. As well, the Corporation committed to construct 16 units under the Community Housing Program for low to moderate income Albertans.

Under its Family Home Purchase Program, the Corporation committed $25 million for mortgage financing in 1985-86. These loans, together with subsidies to reduce monthly mortgage payments, enabled 574 Alberta families to purchase their own homes.

Standing Committee members raised a variety of topics with the minister, including the following: possibility of Alberta Mortgage and Housing Corporation reducing its portfolio investments; budgeting process of Alberta Mortgage and Housing Corporation; present value of the Alberta Mortgage and Housing Corporation loan portfolio; calculation of reserves for losses; policy of Alberta Mortgage and Housing Corporation regarding prepayment of debt; maturity dates of debentures; completion of Alberta Mortgage and Housing Corporation financial statements for the year ended March 31, 1986; restructuring of loans under the core housing incentive program (CHIP) and the modest apartment program (MAP); construction of new accommodation; policy of Alberta Mortgage and Housing Corporation with respect to maintaining the integrity of communities; assistance to condominium owners; incorporation of the nursing home program within the lodge program; rent supplement program; properties foreclosed on by

Alberta Mortgage and Housing Corporation; and priority given to senior citizens' self-contained units.

Alberta Mortgage and Housing Corporation - November 25, 1986

Hon. Neil Crawford appeared before the Committee on Tuesday, November 25, 1986, for a second time. With Hon. Mr. Crawford was Mr. Joe Engelman, President, Alberta Mortgage and Housing Corporation.

Committee members asked questions of Hon. Mr. Crawford on the following subjects: refinancing of Alberta Municipal Financing Corporation's debentures; lending policies of Alberta Mortgage and Housing Corporation; assumption of existing mortgages by purchasers; marketing and rental of foreclosed-upon properties; conversion of vacant properties into community housing projects; possibility of converting senior citizens' lodges into nursing homes; placement of community housing into established subdivisions; number of developed and undeveloped lots owned by Alberta Mortgage and Housing Corporation; and release of the 1986 annual report of Alberta Mortgage and Housing Corporation.

Minister of Recreation and Parks - November 18, 1986

Hon. Norm Weiss, Minister of Recreation and Parks appeared before the committee on Tuesday, November 18, 1986. With Mr. Weiss was Mr. Ed Marshall, Managing Director, Kananaskis Country, Mr. Donn Cline, Assistant Deputy Minister, Design and Implementation Division; Mr. John Weins, Manager of Financial Planning and Management, Finance Administration Division; Ms. Sara-Jane Gruetzner, Manager, Urban Parks Program; Mr. Doug Balsden, Section Head, Recreation Development Division; Mrs. Margaret Qually, Public Affairs Director, Kananaskis Country, and Ms. Carole Shields, Executive Assistant to the Minister.

Following an audio visual presentation dealing with Kananaskis Country, and an urban parks slide presentation, the Minister gave a brief update on the current status of these programs.

Kananaskis Country Recreation Development - Since 1978, this 4,100 square kilometre (1,600 square mile) multi-resource area, with its emphasis on recreation facilities and opportunities, has been developed with the support of the Heritage Fund. However, throughout development, natural resource conservation and wildlife enhancement have been major considerations and were not compromised.

Kananaskis Country has more than 3,000 campsites, including the Mount Kidd Recreational Vehicle Park; more than 75 roadside picnic areas; a 36-hole world class golf course; trail systems for hiking, cross-country skiing, bicycling, snowmobiling, off-highway vehicles and equestrian use; trout-stocked ponds; interpretive trails and exhibits and extensive visitor services. More than two million visitors enjoyed Kananaskis Country in the summer of 1985.

The popularity of William Watson Lodge, which provides accommodation for the disabled and seniors in Peter Lougheed Provincial Park, has resulted in construction of four new buildings at the same site. Construction is also proceeding on the infrastructure for the Alpine Village at Ribbon Creek, Kananaskis Country's first hotel-type accommodation.

During the 1985-86 fiscal year, $15 million was invested, bringing the total investment at March 31, 1986, to $212 million.

Urban Parks - Through the Urban Parks program the five cities involved receive grant funds to buy land and to plan and develop park space. As well as enhancing the outdoor recreational opportunities available to residents of these cities, these parks help preserve the natural environment. Bud Miller All Seasons Park in Lloydminster is virtually complete and while construction and development continues in Medicine Hat, Lethbridge, Red Deer, and Grande Prairie, completed components of these parks are being enjoyed by thousands of Albertans.

During the 1985-86 fiscal year, $20 million was invested, bringing the total investment at March 31, 1986 to $82 million.

Committee members asked questions of Hon. Mr. Weiss on the following subjects: criteria for funding out of the Heritage Fund rather than the departmental budget; regional allocation of projects; development of northern Alberta recreational facilities; advertising of Kananaskis Country outside Alberta; ability of Albertans to have access to Kananaskis Country; need for a golf tournament facility within Kananaskis Country; development of Highway 40 to provide access to Kananaskis Country; operations of the alpine village; development of Mount Kidd campsite and Powderface Trail; development of a casino in Canmore; cost of the department's presentation to the Committee; usage of William Watson Lodge; Heritage Fund's return on its investment in Kananaskis Country; availability of walk-on tee off times at the Kananaskis Country golf course; jobs created for Albertans in Kananaskis Country; and involvement of developers in Kananaskis Country.

Minister of Agriculture and Associate Minister of Agriculture - November 19, 1986

Hon. Peter Elzinga, Minister of Agriculture and Hon. Shirley Cripps, Associate Minister of Agriculture, appeared before the Committee on Wednesday, November 19, 1986.

Attending with the Ministers were Dr. Art Olson, Assistant Deputy Minister, Research and Resource Development; Mr. Barry Mehr, Assistant Deputy Minister, Marketing; Dr. Yilma Teklemarian, Research Co-ordinator, Research Division; Mr. David Schroder, Branch Head, Food Processing Development Centre; Mr. Gerhardt Hartman, Manager, Irrigation Secretariat; Mr. Dave Yakabuski, Director, Financial and Administrative Services; Mr. Dave Schurman, Manager of Financial Services; and Mr. Bob Spiller, Manager, Special Projects, Alberta Agricultural Development Corporation.

The Hon. Peter Elzinga, in his opening remarks, gave a detailed overview of three major programs. Farming for the Future, Irrigation Rehabilitation and Expansion and Food Processing Development Centre. The Minister expanded on the many accomplishments under these programs and highlighted some of the success stories. He pointed out that Farming for the Future had received a total allocation of $40 million and has supported some 370 research projects, and some 350 on-farm demonstrations. This year alone the research program is supporting 94 projects at a cost of $4.56 million. The program's mandate at a cost of $5 million per year has now been extended from next April to March, 1992.

Irrigation Rehabilitation and Expansion project grants in 1985-86 totaled $30 million, bringing the Heritage Fund's investment to $182 million at year end. This project represents a long term commitment to ensure the efficient delivery of water to irrigated land, and combined with the irrigation headworks and main irrigation systems improvement project, will increase Alberta's irrigable land to 600,000 hectares (1.5 million acres) by 1995. The 13 Irrigation Districts participating in this program receive assistance to help cover the costs of planning, rehabilitating and expanding their irrigation distribution systems.

The Food Processing Development Centre in Leduc received $1 million in 1985-86, bringing the total investment from the Heritage Fund to $8 million. It is one of the best equipped and most modern facilities of its type in Canada and will be completed in 1986-87 on budget. Opened in December of 1984, the centre has already handled more than 1,000 requests for technical information in assistance from industry and approximately 200 food processing manufacturing and food service clients have received assistance.

Hon. Shirley Cripps, in her opening remarks, gave a comprehensive update of the Alberta Agricultural Development Corporation and pointed out the role and the mandate of Alberta Agricultural Development Corporation is currently under review.

During the fiscal year ended March 31, 1986, the Heritage Fund's investment in Alberta Agricultural Development Corporation increased by $109 million to $1,041 million. In 1985-86, the Corporation made 802 loan commitments totalling $89 million under its Beginning Farmer Program and $2 million in loans to assist more established farms to expand and improve their productivity. The Corporation also provided $126 million in loan guarantees.

In 1985-86, 230 borrowers, with 255 direct and specific guaranteed loans were involved in legal actions, including 75 foreclosures, 37 bankruptcies, 140 quitclaims, and 3 receiverships. While 255 loans is a significant number, this only represents approximately 2.65 percent of ADC's direct farm loans.

The Committee questioned the Ministers on the following issues: possible effect on the irrigation rehabilitation program, of capping the Heritage Fund; expansion of irrigated acreage; assistance to farmers with loans from

Alberta Agricultural Development Corporation; possibility of deferral of payments on Alberta Agricultural Development Corporation loans, matching of Farming for the Future funds by the federal government; extension of Farming for the Future program; on-farm usage of research; number of Agriculture Canada positions cut in Alberta; continuance of the irrigation rehabiliation program; collateral requested as security for loans to farmers; amount of land Alberta Agricultural Development Corporation has title to through foreclosures and quitclaims; number of foreclosures among farmers in the beginning farmers program; difficulties experienced by the sugar beet industry; purpose of the Farm Credit Stability program; relationship of Alberta Agricultural Development Corporation to the government of Alberta's position on enhanced trade with the United States, and the effect on Farming for the Future of the cutbacks by Agriculture Canada in research funding.

Associate Minister of Agriculture - November 26, 1986

Hon. Shirley Cripps, Associate Minister of Agriculture, appeared before the Committee on Wednesday, November 26, 1986, for a second time. Attending with the Minister was Mr. Bob Spiller, Manager, Special Projects, Alberta Agricultural Development Corporation.

Committee members asked questions of Hon. Mrs. Cripps on the following subjects: mandate and terms of reference of the Alberta Agricultural Development Corporation review committee; possibility of the Alberta Agricultural Development Corporation loan program being administered through Treasury Branches; ensuring the viability of the family farm; operations of the loan guarantee program; farmers' right of first refusal on foreclosed-upon land; criteria for funding of research programs; research done by the Food Processing Development Centre; and the number of Alberta Agricultural Development Corporation loans rolled over into the farm credit stability program.

Minister of Advanced Education - November 19, 1986

Hon. Dave Russell, Minister of Advanced Education appeared before the Committee on Wednesday, November 19, 1986. Attending with the Minister were: Dr. Henry Kolesar, Deputy Minister, Advanced Education; Mr. Fred Hemingway, Chief Executive Officer, Students Finance Board; Mr. Leon Lubin, Director, Alberta Heritage Scholarship Fund.

The Alberta Heritage Scholarship Fund, established in 1981 with an endowment of $100 million provided some 6,500 different scholarships totalling $9 million in 1985-86. Since its inception the fund has distributed in excess of $40 million to young students and outstanding scholars, representing over 28,000 recipients. The Minister reported that the size of the fund itself has grown to $139 million. Standing Committee Members raised questions on the following topics: use of capital fund to reduce tuition fees; requirement that recipients of the Louise McKinney award declare the award as income; residency requirements for awards recipients; use of the Louise McKinney award for studies outside Alberta; possible

expansion of the Frederick Haultain prize; awards for achievements in the arts; effect of fluctuating interest rates on funds available for scholarships; responsibility for investment decisions regarding the endowment fund; the purpose of the scholarship fund, and funding of Crown corporations.

Minister of Transportation and Utilities - Monday, November 24, 1986

Hon. Al Adair, Minister of Transportation and Utilities appeared before the Committee on Monday, November 24, 1986.

Attending with the Minister was Mr. Harvey Alton, Deputy Minister, Transportation, and Mr. Vance MacNichol, Deputy Minister, Utilities.

No Heritage Fund dollars were allocated to the Airport Terminal Buildings program during the 1985-86 fiscal year. The 1983-84 fiscal year marked the completion of this project, with $16 million invested in 18 projects at March 31, 1986.

Hon. Mr. Adair responded to Committee members' questions on the following topics: responsibility for maintenance of airport terminal buildings; cost of rural private telephone lines, installation cost to customers of rural telephone lines, and effects of capping the Heritage Fund.

Minister of Forestry, Lands and Wildlife - November 25, 1986

Hon. Don Sparrow, Minister of Forestry, Lands and Wildlife appeared before the Committee on Tuesday, November 25, 1986. Attending with the Minister was Mr. Mac Forbes, Assistant Deputy Minister, Public Lands Division; Mr. Murray Turnbull, Director of Land Management and Development; Mr. John Drew, Director of Reforestation and Reclamation, Alberta Forest Service; Mr. Jay Litke, Executive Assistant to the Minister, and Mr. Robin Wortman, Executive Assistant to the Minister.

Hon. Mr. Sparrow, in his opening remarks, gave the Standing Committee a status report and highlighted the two major programs in his department funded by the Alberta Heritage Savings Trust Fund, the Maintaining Our Forests Program and the Grazing Reserves Development Program.

The Grazing Reserves Program was a ten year program originally extended to 11 years. As of March 31, 1986, $31.5 million of the $40 million total has been expended. The Minister pointed out that thirteen new grazing reserves are being developed from this program, covering a total area of about 250,000 acres, of which some 90,860 acres are improved pasture. In 1985, the program provided about 77,610 animal unit months of grazing.

The Maintaining Our Forests Program was established to create 140,000 acres of new softwood forests to replace losses primarily due to wildfires, energy-related disturbances, and single-purpose uses such as recreation and agriculture. During the 1985-86 fiscal year, $4.2 million was spent, bringing the total expenditures to March 31, 1986 to $24.2 million. The

Minister pointed out that during 1985-85 some 16,000 hectares were surveyed, 4,600 hectares were mechanically scarified, 2,100 hectares were treated with herbicides, and some 15.8 million tree seedlings were planted through the program. In addition, a number of applied research projects, many in cooperation with industry, are being conducted with the intent of enhancing future forest productivity.

Committee members asked questions of Hon. Mr. Sparrow on the following subjects: future funding of the reforestation program, maintenance of the Pine Ridge reforestation nursery, operating costs of grazing reserves, use of grazing reserves for cereal crop production, sale of grazing leases, funding of community pastures, prevention of over-grazing of fields, criteria used by advisory committee in choosing reserve patrons, type of spraying program used in conjunction with the Maintaining Our Forests program, effects of the grazing reserves on the green area, rates charged by the Department for use of grazing reserves, use of herbicides in clearing forests, and increasing grazing reserves.

Tour of Prince Rupert Grain Terminal and Port of Vancouver, December 15-17, 1986

On December 16 and 17, Members of the Standing Committee visited the Prince Rupert Grain Terminal and the Port of Vancouver.

VI. RECOMMENDATIONS OF THE STANDING COMMITTEE ON THE ALBERTA HERITAGE SAVINGS TRUST FUND

A most important function of the Standing Committee is the formulation of recommendations concerning the investment of Alberta Heritage Savings Trust Fund money. Several meetings centred on this responsibility.

Proposals for recommendations were submitted by individual Standing Committee members for consideration by the Standing Committee as a whole. The proposals were moved, debated, and voted on. Seventy proposals were moved and, after careful consideration and deliberation, the Standing Committee approved the following 15 recommendations for inclusion in this report. The Hansard transcript of the Standing Committee's proceedings on January 14, 1987, contain the recommendations brought forward and the Chairman's determination of the vote with respect to each recommendation.

RECOMMENDATIONS

The Standing Committee on the Alberta Heritage Savings Trust Fund Act recommends as follows:

1. As the Alberta Heritage Savings Trust Fund has now been in existence for 10 years, that the Government of Alberta consult with business, labour and the general public as to the goals and objectives of the Fund for the next 10 years.

2. That the equity position of the Commercial Investment Division be increased by purchasing more common stocks in Canadian corporations.

3. That the current transfer of non-renewable resource revenue from the General Revenue Fund to the Alberta Heritage Savings Trust Fund be discontinued until such time as the General Revenue Fund is in a surplus position.

4. That as the debentures from the Canada Investment Division and the Alberta Investment Division come due, the capital be reinvested with the objective of earning the highest rate of return, similar to investments in the Commercial Investment Division.

5. That funding be provided for the research and development of coal transportation technologies, and that consideration be given to investing in new generation coal rail cars as a means of reducing coal transportation costs in order to assist in the development of markets for Alberta coal (e.g. the Ontario market place).

6. With the objective of strengthening the Alberta-based investment brokerage community, it is recommended that Alberta Heritage Savings Trust Fund transactions involving the sale or purchase of

bonds and equities be made through Alberta investment dealers wherever feasible; and where such transactions are required to be made directly through dealers in eastern Canada, that not less than 50 percent of the gross commissions be credited by such dealers back to their Alberta offices.

7. That the annual reports of any Crown corporation holding debentures from the Alberta Heritage Savings Trust Fund be made public within six months of the end of the Crown corporation's fiscal year, regardless of whether the Legislative Assembly is sitting. If a final report is not ready, a limited report containing all available data should be made available to the Standing Committee.

8. That the Capital Projects Division continue to be limited to 20 per cent of the Fund's assets and further that the current expenditures on capital projects be slowed down.

9. That adequate funding be provided to expand grazing reserves, as the demand dictates, and/or to provide an alternative to expanding the number of cattle grazing in the "green area".

10. That reports related to Alberta Heritage Savings Trust Fund supported research projects indicate where research results can be applied in the private sector to benefit the general public.

11. That the Provincial Treasurer undertake a number of speaking engagements, editorial board meetings and media conferences in eastern Canada to correct serious misconceptions about the Alberta Heritage Savings Trust Fund, which distort eastern Canadian attitudes towards Alberta's current economic difficulties.

12. That the Treasury Department establish an internal audit group, with an appropriate mandate and reporting structure, to review the administrative and performance measurement systems of the Alberta Heritage Savings Trust Fund on a continuing basis, as was recommended by the Auditor General in his report for the year ended March 31, 1981.

13. That after his appearance before the Standing Committee, each member of the Executive Council, when requested, provide the Committee with written answers to questions he was unable to answer during his appearance, within five working days of his appearance, if feasible.

14. That the Alberta Heritage Savings Trust Fund, as the holder of Alberta Opportunity Company series B debentures, accept early repayment of the debentures thereby allowing AOC to refinance the debt and save money through interest rate reductions.

15. That the Standing Committee recommend to the Board of Trustees of the Alberta Heritage Scholarship Fund the establishment of a new category of scholarships to reward the outstanding achievements of postsecondary students in the area of fine arts, and that the number

of scholarships awarded each year be limited and awarded on a competition basis.

VII. PROVINCIAL TREASURER'S RESPONSES TO THE RECOMMENDATIONS CONTAINED IN THE REPORT OF THE STANDING COMMITTEE ON THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT, 1984-85

1. Deemed Assets

That the deemed assets of the Alberta Heritage Savings Trust Fund not be included in the financial statements but be listed separately.

The presentation of investments under the Capital Projects Division (CPD) of the Heritage Fund in the financial statements as deemed assets represents public policy established by statute. The matter of how CPD investments should be disclosed will be considered further by the government and the recommendation of the Committee will be included in that consideration.

2. Alberta Heritage Foundation for Medical Research

That the Alberta Heritage Foundation for Medical Research be encouraged to investigate the upcoming increase in industrial disease with the objective of doing research in that area.

The Foundation is currently conducting occupational health research in a number of areas and has been for 3-4 years, in some cases. Current areas of research include: the relationship between environmental agents and cancer; the effect of hydrogen sulfide gas on human airway structure and function; and lung diseases caused by environmental contaminants. Funding has recently been approved to permit the formation of a team of occupational health researchers at the University of Calgary.

3. Public Hearings

That hearings be held throughout the province to determine the support by the people for the concept and the direction legislators should take with regard to the management of the Alberta Heritage Savings Trust Fund.

It is not the current intention of the government to hold special formal hearings to discuss this topic. Constituents have ample opportunity to express their views through constituency meetings with their MLA, or by contacting MLA's through their offices.

4. Alberta Heritage Foundation for Medical Research

That the Committee consider consolidating all medical research activity funded by the Alberta Heritage Savings Trust Fund into the Alberta Heritage Foundation for Medical Research.

Over the longer-term the consolidation of Heritage Fund supported medical research under the Foundation may be feasible, however, for the short-term it is not considered practical. The Foundation has already committed

to funding and programming for the near-term future. It would be difficult to accommodate additional research without affecting existing programs. Secondly, some of the funding currently provided from other sources is for day to day activities such as routine support services which do not fall within the Foundation's current guidelines, although they are complementary and considered to be very important.

5. Parks Program

That the Committee consider developing a second major recreation park to enhance and promote tourism in the province of Alberta.

The government has already made a significant commitment to recreational parks. While the development of another major new park would likely have benefits in terms of increased tourism, which would be consistent with one of the major new thrusts of the government, in view of the province's fiscal position, it would need to be considered in conjunction with the province's overall needs and priorities and the cost/benefit that may be derived from other initiatives.

6. Urban Parks Program

That the Committee endorse the development and creation of an urban parks program for towns and villages in Alberta, under the Capital Projects Division of the Fund.

The requirement for parks and recreational facilities is reviewed on an ongoing basis. At present, some of the recreational needs of communities not under the existing Urban Parks program are being met via per capita grants from the General Revenue Fund Community Recreation/Cultural Facilities Program which is available to all Alberta communities ($48.2 million in 1986-87 Estimates). In addition, small centres have access to the Heritage Fund, Municipal Recreation/Tourism Areas program which will provide funding for up to 100 sites over a four year period ($4.0 million in 1986-87 Estimates).

7. Private Sector Research Facility

That the Committee consider the construction of low-cost research lab space to be made available to the private sector on a contract basis, modeled on the successful North Carolina Triangle research park.

The government of Alberta has already made significant commitments to fund research space that can be used by the private sector. Research parks, providing infrastructure to encourage the private sector to construct its own research and development space, have been established in Edmonton and Calgary and a second park is being developed in Calgary on land provided by the government of Alberta. Also, the Alberta Research Council provides "do it yourself" laboratory space on a low cost basis and a proposal is under consideration to provide additional low cost research space for small high technology companies.

In addition, the Government of Alberta has provided research and development assistance to the private sector through a number of initiatives including: the Alberta Laser Centre, the Telecommunications Research Centre, the Electronic Industry Information System, the University of Calgary Supercomputer Project, the Biotechnology Toll Production Facility, and the Centre for Frontier Engineering Research.

Through the Heritage Fund, the government has funded the Food Processing Development Centre in Leduc, Microchip Design and Fabrication Facilities in Calgary and Edmonton, and the Electronics Test Centre in Edmonton. The first provides dedicated space for the food industry to create and test new food products and processes; the second will permit small scale design and fabrication of microchips to assist in development of a microelectronics industry in Alberta, and the third provides unique certification services that are helping to attract new high technology businesses.

8. Drainage Improvement

That the Committee recommend that a drainage rehabilitation and expansion program be established similar to the Irrigation Rehabilitation and Expansion program now in place.

The government has a commitment to a drainage and erosion control program from the General Revenue Fund, albeit on a smaller scale than the Irrigation Rehabilitation and Expansion program. In the 1986-87 budget additional funding of approximately $1.4 million is being provided to increase the government's share of program costs from 75% to 86% and to expand the program area in northwestern Alberta.

9. Agricultural Research Foundation

That the Committee recommend the Farming for the Future Program be operated, beginning in the 1987/88 budget year, as an agricultural and biological sciences research foundation modeled on the Alberta Heritage Foundation for Medical Research, with similar funding to that given AOSTRA and the Alberta Heritage Foundation for Medical Research, and that there be a close working relationship between the research recipients and farmers or on-farm demonstration projects in a great percentage of the program.

The Department of Agriculture is currently engaged in a study to determine agricultural research needs for the future and how to best satisfy these needs. This recommendation will be addressed as part of that study.

10. Northern Alberta Children's Hospital

That the Committee recommend that a serious commitment be made to improved pediatric treatment and research for northern Alberta by an investment in a northern Alberta children's hospital, when need is indicated.

In the spring of 1986 the government made a commitment to construct a new children's hospital for northern Alberta. The new hospital Board was recently appointed and is commencing work on the design of the facility. The 1986-87 Capital Fund Estimates contain $1 million for planning purposes.

11. Alberta Heritage Savings Trust Fund Information

That the Committee recommend that the Public Affairs Bureau be encouraged to consider developing a series of informational films or videotapes on the Alberta Heritage Savings Trust Fund, available to groups who wish to use them, complementary to the informational pamphlets now available at many locations in Alberta.

This recommendation is currently under review in the context of the government's overall communication strategy with respect to the Heritage Fund. However, final decisions on the next phase of the Heritage Fund communications program have not yet been made.

12. Occupational Health and Safety Heritage Grant Program

That the Occupational Health and Safety Heritage Grant Program expand its mandate to encourage funding to postsecondary educational institutions to teach occupational health and safety to students.

A significant new thrust of this program has been to help develop occupational health and safety programs at technical institutes, community colleges and universities. Programs covering a broad spectrum of topics such as occupational health nursing, occupational hygiene, welding safety and distance delivery of nursing programs to more remote areas have been funded at NAIT, Grant McEwan Community College, Mt. Royal College, and Athabasca University. A chair in occupational health has been funded at the University of Alberta. So far nearly a million dollars has been committed for these programs through to the end of the program in 1988-89. Work is underway toward introducing additional courses at other campuses.

13. Kananaskis Country Development

That the Committee recommend that funding be provided to develop the Powderface Trail and campsites in Kananaskis Country as required or on an as needed basis.

It is intended that the Heritage Fund's involvement with Kananaskis Country draw to a close once currently approved projects are completed. Development has been winding down for the past two years and is scheduled to be completed in 1987-88. Funding for additional facilities, not included in the currently approved plan, is intended to come from the General Revenue Fund.

14. Social Sciences Research Foundation

That the Committee recommend that consideration be given to the establishment of a social sciences research foundation with specific concerns for research into alcoholism, aging, pain control, and palliative care, and that the foundation be modeled on the Alberta Heritage Foundation for Medical Research.

The Alberta government provides support for such initiatives through the Alberta Alcoholism and Drug Abuse Commission, the Women's Bureau, Social Services, Community and Occupational Health, and Hospitals and Medical Care. To date, the government has taken the view that these ongoing needs are best met through these entities' General Revenue Fund (GRF) budgets. Also, the creation of an endowment with earnings capable of matching current GRF expenditures in these areas would require a significant up-front cash commitment which would reduce funding available for other priorities.

15. Alberta Heritage Scholarship Fund

That the Committee recommend that a new scholarship, to be known as the E. Peter Lougheed Scholarship for Excellence in Social Studies, be established in the Alberta Heritage Scholarship Fund, and further that $5 million be added to the $100 million fund established in September 1980, whereby the income generated be awarded to students attending Alberta universities.

The provision of scholarships recognizing outstanding achievements focussed on a particular area of study would represent a departure from criteria used to date to award scholarships. Moreover, with the Rutherford scholarships that have been in place for a number of years (awarded to students with an average greater than 80%), there is not perceived to be a need for special social studies scholarships, nor are there considered to be any other serious deficiencies in Alberta's overall student award and assistance programs.

If a decision were taken to institute a social studies award, on the scale proposed (about $400,000 per year representing interest on $5 million), it is likely that it could be accommodated within the existing endowment. At March 31, 1986, the fund had net assets exceeding $139 million which are considered to be adequate to support a program of the magnitude proposed.

16. Alberta Heritage Scholarship Fund

That the scholarships awarded from the Alberta Heritage Scholarship Fund, other than the Jimmie Condon Athletic Scholarship, be awarded on an individual basis only and that groups and organizations not be eligible for scholarship awards.

There are some benefits in having small community groups eligible for certain awards. These groups are more able than individuals, in some

cases, to pass on a skill or services for the betterment of the entire community. However, as a result of this recommendation the eligibility criteria for Heritage Fund awards will be reviewed.

As a note of correction, the Jimmie Condon awards have only been available to individuals. The J. Percy Page recreational awards are available to groups.

17. Water Resources Institute

That the Committee recommend the establishment of a Water Resources Institute at the University of Lethbridge, and that $5 million be allocated from the Alberta Heritage Savings Trust Fund to provide an endowment fund for this purpose.

The Capital Projects Division of the Heritage Fund has traditionally been used to support discrete, finite projects rather than ongoing programs. The funding of an ongoing entity such as a Water Resources Institute is more appropriately provided from the General Revenue Fund but needs to be considered in conjunction with the government's overall priorities.

18. Endowment for Canadian Paraplegic Association

That the Alberta Heritage Savings Trust Fund support by endowment the Alberta division of the Canadian Paraplegic Association for research in damage to the spinal cord.

The Heritage Fund has not generally been used to provide support to individual organizations. However, through the major endowment to the Alberta Heritage Foundation for Medical Research over $30 million is available annually to support research in all areas of medicine. This includes a large program of basic neurological research which addresses many questions relating to basic nerve damage including spinal cord damage.

VIII. SCHEDULE OF STANDING COMMITTEE MEETINGS, 1986-87

Meeting Date	Appearance/Topic
October 22, 1986	Organizational Meeting
October 27, 1986	Alberta Heritage Foundation for Medical Research
October 28, 1986	Hon. Don Getty Premier
October 28, 1986	Hon. Dick Johnston Provincial Treasurer
October 29, 1986	Mr. Donald Salmon Auditor General
October 29, 1986	Tour of Walter C. Mackenzie Health Sciences Centre
November 3, 1986	Hon. Les Young Minister of Technology, Research and Telecommunications
November 4, 1986	Hon. Larry Shaben Minister of Economic Development and Trade
November 4, 1986	Hon. Jim Dinning Minister of Community and Occupational Health
November 5-6, 1986	Tour of Kananaskis Country
November 7, 1986	Tour of Alberta Research Council and Electronics Test Centre
November 12, 1986	Hon. Neil Webber Minister of Energy
November 14, 1986	Hon. Ken Kowalski Minister of the Environment

November 17, 1986	Hon. Marvin Moore Minister of Hospitals and Medical Care
November 18, 1986	Hon. Neil Crawford Minister Responsible for Housing
November 18, 1986	Hon. Norm Weiss Minister of Recreation and Parks
November 19, 1986	Hon. Peter Elzinga Minister of Agriculture and Hon. Shirley Cripps Associate Minister of Agriculture
November 19, 1986	Hon. David Russell Minister of Advanced Education
November 24, 1986	Hon. Al Adair Minister of Transportation and Utilities
November 25, 1986	Hon. Neil Crawford Minister Responsible for Housing and Introduction of Recommendations
November 25, 1986	Hon. Don Sparrow Minister of Forestry, Lands and Wildlife
November 26, 1986	Hon. Shirley Cripps Associate Minister of Agriculture and Discussion of Recommendations
November 27, 1986	Discussion of Recommendations
December 11, 1986	Discussion of Recommendations
December 15-17, 1986	Tour of Prince Rupert Grain Terminal and Port of Vancouver

January 5, 1987	Discussion of Recommendations
January 6, 1987	Discussion of Recommendations
January 7, 1987	Discussion of Recommendations
January 14, 1987	Discussion of Recommendations

Appendix I

Asset Level of the Alberta Heritage Savings Trust Fund 1976-77 to 1985-86

Fiscal Year	Assets ($ billion)
1976-77	$ 2.218
1977-78	$ 3.374
1978-79	$ 4.705
1979-80	$ 6.419
1980-81	$ 8.579
1981-82	$11.009
1982-83	$13.002
1983-84	$13.711
1984-85	$14.436
1985-86	$15.118